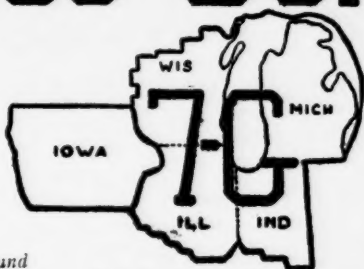


BUSINESS CONDITIONS

SEVENTH FEDERAL



RESERVE DISTRICT

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General Summary

THE downward trend usual for November in manufacturing and merchandising lines prevailed in the month this year, but for the majority of reporting groups in the Seventh district the level of activity was above that of November last year.

The steel industry furnished an important exception in the monthly trend, operations rising steadily from the middle of October through the early weeks of December. Orders and shipments of malleable castings also were larger in November than a month previous. However, operations in the automobile, building, furniture, and shoe industries, and at steel casting foundries declined. Similarly, the production of meat-packing products, of Wisconsin cheese, and of butter fell off from October, as did sales in the first two named groups, although in all of these food-producing industries the volumes were greater than average for November.

In wholesale trade, reporting lines showed less than seasonal recessions in business during November from the preceding month, and one group—electrical supplies—had heavier sales. The decline in department store trade was below average for the period, while the gain over a year ago was the largest in the comparison for any month since May. The retail shoe, furniture, and chain store trades followed the downward trend in the monthly comparison, although all reported sales in excess of the corresponding month last year.

In credit conditions may be noted an increase between November 14 and December 19 in total loans and investments of reporting member banks of the district; both demand and time deposits in these banks declined during

the period. Dealer sales of commercial paper in the Middle West decreased more than seasonally from October to November, but transactions in bankers' acceptances expanded.

Credit Conditions and Money Rates

The total amount of credit extended by the Federal Reserve Bank of Chicago outstanding on December 19 amounted to \$430,631,000, which compares with \$430,089,000 at the beginning of the period on November 14. The accompanying tabulation sets forth in detail the sources and uses of Seventh district banking reserves. Inter-district commercial and financial transactions during the five-week period resulted in a net outflow of more than 22½ millions of funds from this district. Demand for currency increased seasonally by over 27 million dollars. As a consequence of these reductions in Seventh district banking reserves, member bank reserve balances were lowered by 48½ millions. Special deposits declined slightly, while other Federal Reserve accounts rose one-half million dollars.

Changes between November 14 and December 19 in Factors Affecting Use of Federal Reserve Bank Funds—Seventh District (Amounts in thousands of dollars)

Reserve bank credit extended (exclusive of amounts to other districts).....	+2,417
Commercial operations through inter-district settlements.....	-22,795
Treasury and National bank currency.....	+3,610
Total supply.....	-16,768
Demand for currency.....	+27,383
Member bank reserve balances.....	-48,666
Treasury cash and deposits at Federal Reserve Bank of Chicago..	+4,532
Special and "all other" deposits.....	-552
Other Federal Reserve accounts.....	+515
Total demand.....	-16,768

MEMBER BANK CREDIT

Changes in the principal items of condition of licensed reporting member banks on December 19 as compared with November 14 and with December 20, 1933, are shown in the accompanying table. It will be noted that total loans and investments increased 55 million dollars in the monthly comparison, reflecting heavier holdings of U. S. Government securities as well as smaller increases in loans to brokers and dealers outside New York, in acceptances and commercial paper bought, and in holdings of other securities. Net demand deposits declined 5 millions on December 19 as against November 14, and time

FEDERAL RESERVE BANK OF CHICAGO, SELECTED ITEMS OF CONDITION

(Amounts in millions of dollars)

	DEC. 19 1934	NOV. 14 1934	CHANGE FROM NOV. 14 1934	DEC. 20 1933	CHANGE FROM DEC. 20 1933
Total Bills and Securities.....	\$430.0	\$ -1.8	\$ -27.8		
Bills Discounted.....	0.1	+0.1	-6.1		
Bills Bought.....	0.7	+0.0	-13.5		
U. S. Government Securities.....	428.3	0	-9.0		
Total Reserves.....	1,098.8	+11.6	+161.0		
Total Deposits.....	711.3	-6.5	+170.6		
Federal Reserve Notes in Circulation.....	787.8	+18.1	+5.4		
Ratio of Total Reserves to Deposit and Federal Reserve Note Liabilities Combined...	73.2	+0.2*	+2.4*		

*Number of Points.

deposits decreased 4 million dollars. Total loans and investments on December 19 of this year were 436 millions greater than on the corresponding reporting date in 1933, holdings of U. S. Government direct obligations were 459 millions in excess of the 1933 aggregate, while net demand and time deposits increased 526 and 46 millions, respectively.

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A range of 1½ to 5 per cent was reported by downtown Chicago banks as the prevailing rate on customers' commercial loans during the week ended December 15; this range had been reported for the corresponding week in November. The average rate earned on loans and discounts by downtown Chicago banks during the calendar month of November was 2.96 per cent, as compared with 3.03 per cent in October and with 3.17 per cent in November 1933. In Detroit, the rate on customers' commercial loans during the week ended December 15 was unchanged from that reported a month earlier—3½ to 6 per cent.

Owing to a rather sharp decline in borrowing by means of commercial paper and because of a moderate decline in city and country bank demand for this type of investment, dealer sales of commercial paper in the Middle West decreased more than seasonally in November to a level below any month since February this year, 18 per cent under October, 52½ per cent less than the 1924-33 average for November, and only 22½ per cent above the corresponding period of 1933. Selling rates for November remained within a range of ¾ per cent for prime short-term paper to 1 and 1¼ per cent for obligations less well-known or of longer maturity, and the bulk of transactions continued to take place at ¾ per cent. Commercial paper outstandings in the Middle West showed a further decline on November 30, being 4½ per cent lower than at the close of October and 50½ per cent under the 1924-33 average for the date, though aggregating 43½ per cent heavier than a year earlier. Sales in the first half of December expanded 15½ per cent over the corresponding weeks of November, largely as a consequence of increased borrowing by means of very high grade paper which met a good demand, despite some of the usual tendency at this season to withhold commitments pending the publication of year-end statements. Quotations remained unchanged and were within a range of ¾ to 1¼ per cent.

A heavy increase in local purchases during the four weeks ending December 12—the volume of which was the largest since February 9 to March 15, 1933—together with a further slight increase in receipts from Eastern

markets, resulted in total supplies of Chicago bill dealers registering a gain of 11½ per cent over the preceding period and of 71 per cent over the month last year. The entire amount of bills purchased locally moved to Eastern cities, and similarly all of that received from Eastern cities sold rapidly to local and out-of-town banks. As a consequence, holdings of Chicago dealers on December 12 remained nil. Selling rates in the period ranged from ¼ to ¾ per cent.

All phases of bill-market operations at accepting banks in the Seventh Federal Reserve district increased in November over the relatively low level obtaining in October. New financing by means of bankers' acceptances was larger than in either September or October and a similar trend was shown in the direct discounting of these bills at originating banks, though both were 38 per cent below the 1924-33 average for the month. Moreover, the buying of other banks' acceptances reached a point higher than for any month since July 1933. Total purchases, therefore, were 108½ per cent heavier than in October, 16 per cent greater than the ten-year average for the month, and only 12 per cent less than a year ago. Following two months of inactivity, sales approximated 5½ million dollars in November, and were above any previous month of 1934, though 58 per cent below the seasonal volume. Purchases considerably exceeded the amount of current sales and maturities. Acceptance holdings of these banks, consequently, rose to a level higher than for any other reporting date of 1934 since January 31. The liability for outstanding acceptances increased slightly during the month. New financing by means of acceptance credits aggregated 29½ per cent smaller in the first half of December than for the corresponding weeks of November.

TRANSACTIONS IN BANKERS' ACCEPTANCES AS REPORTED BY A SELECTED LIST OF ACCEPTING BANKS IN THE SEVENTH DISTRICT

	PER CENT CHANGE IN NOVEMBER 1934 FROM	
	OCTOBER 1934	NOVEMBER 1933
Total value of bills accepted.....	+16.2	-39.7
Purchases (including own bills discounted)	+108.7	-11.9
Sales.....	**	+707.4
Holdings.....	+25.8	-18.6
Liability for outstandings*.....	+4.0	-43.7

*At end of month. **Sales nil in October but 5½ million dollars in November.

SECURITY MARKETS

Continued demand for high grade bonds and a consequent strengthening of prices in this classification featured the Chicago bond market during November and the early part of December. In contrast, however, speculative issues fluctuated considerably in the period: during the week ended November 19, the speculative utility list showed losses of from one to 4 points, and the speculative rail losses ranged from less than one to 2½ points, but a recovery in the following week erased most of the declines. The volume of new offerings in November fell off somewhat from the preceding month but was larger than for September. Demand continued to come primarily

CONDITION OF LICENSED REPORTING MEMBER BANKS SEVENTH DISTRICT

(Amounts in millions of dollars)

	CHANGE FROM		
	DEC. 19 1934	NOV. 14 1934	DEC. 20 1933
Total loans and investments.....	\$1,982	\$+55	\$+436
Total loans on securities.....	278	-4	-123
To brokers and dealers.....	28	-1	+10
In New York.....	26	+5	-27
Outside New York.....	224	-8	-106
To others.....	75	+5
Acceptances and commercial paper bought.....	35	-1
Loans on real estate.....	287	-11	-26*
Other loans.....	927	+49	+459
U. S. Government direct obligations.....	95	-1
Obligations fully guaranteed by U. S. Government.....	285	+22	+126**
Other securities.....	1,749	-5	+526
Net demand deposits.....	509	-4	+46
Time deposits.....	0	0	0
Borrowings from Federal Reserve Bank.....	0	0	0

*Represents total acceptances, commercial paper, loans on real estate and other loans. Segregated figures not available.

**Represents obligations fully guaranteed by U. S. Government and other securities. Segregated figures not available.

VOLUME OF PAYMENT BY CHECK, SEVENTH DISTRICT

(Amounts in millions of dollars)

	PER CENT OF INCREASE OR DECREASE FROM	
	OCT. 1934	NOV. 1933
Chicago.....	\$2,021	-11.0
Detroit, Milwaukee, and Indianapolis.....	802	-4.5
Total four larger cities.....	\$2,823	-9.2
34 smaller centers.....	492	-6.3
Total 38 centers.....	\$3,315	-8.8

from the institutional market, there being yet very little indication of buying on the part of individuals. Price fluctuations on the Chicago Stock Exchange were very small during November and the first half of December. The average price of twenty leading stocks* amounted to \$28.43 on December 17 as compared with \$27.58 on the corresponding day in November.

Chicago Journal of Commerce.

Agricultural Products

Appraisals of the supply of live stock, received by this bank from agricultural agents in 143 Seventh district counties, reveal the extent of reduction in pork and beef supplies, as a result of drouth damage to feed crops and the Government's hog control program. Declines from 1933 in the fall pig crop in individual states ranged from more than 20 per cent in Michigan to nearly 50 per cent for Iowa, with the average drop in production for the district amounting to between 35 and 40 per cent. Indications are that in portions of the corn belt lying outside this district, declines were even greater. The smallness of this year's crop is attributable largely to fewer sows farrowing, and somewhat to slaughter of young pigs in compliance with A. A. contracts and because of shortage in feed supplies. Farrowing conditions were normal, with litters of average size and mortality no greater than usual. According to reports of the 143 county agents, the district supply of hogs available for marketing during the coming winter and spring is also around 40 per cent lower than in 1933. The reduction in beef cattle for marketing over the next few months, however, amounts to only about 5 per cent. A similarly small decline was reported in the number of dairy cattle on farms, on December 1, but most of the county agents anticipate a heavier slaughter of these animals this winter than last.

Husking of the extremely short corn crop was practically completed by December 1; however, the portion cribbed will no doubt be relatively small, owing to immediate feeding of a considerable quantity and to the poor quality of the grain. The fall sown crops, wheat and rye, are reported up to good stands and going into the winter in highly satisfactory condition, as a result of beneficial autumn rains of a fairly general nature.

GRAIN MARKETING

Seasonal factors were operative during November in grain markets which also reflected the short supply situation and the requirements for live-stock feeding. Declines from October, similar to those in the five-year average for the month, were recorded in receipts of the major grains and also for reshipments of corn and oats, while wheat shipments followed the usual trend with a moderate increase over October. The actual volume of grain passing through terminal markets, however, continued below average, except for corn shipments which for several months have been in excess of the five-year average for the corresponding month. Although large numbers of live stock have been moved from drouth territory into surplus grain areas for feeding, there has also taken place a fairly heavy withdrawal of corn from sections in which relatively good production occurred this year. Visible supplies of all grains continued at a low level, as a result of the declines recorded during November and early December—considerable for corn and wheat, but only slight for oats, rye, and barley.

Wheat prices were strong in early November, with a subsequent reaction, and future quotations averaged slightly higher than in October. Corn prices were firmer

than wheat in November, averaging $7\frac{1}{2}$ cents above October, and were above 90 cents a bushel from the first to beyond the middle of December. Oats prices were moderately strong in November, averaging 2 cents above October, followed by some further gain in early December.

MOVEMENT OF LIVE STOCK

Cattle and calf marketings in the United States, which had been in exceptionally heavy volume since late summer, showed a much greater than seasonal decline in November from October to a level only slightly above the 1924-33 average for the month, although they remained considerably in excess of a year ago. The marketing of lambs also decreased more sharply than is usual from October, and was not only 14 per cent smaller than seasonal but 11 per cent below last November. On the other hand, receipts of hogs at public stock yards in the United States rose to a level above any other month this year since January, and were $\frac{1}{2}$ per cent in excess of the corresponding period of 1933. The movement to inspected slaughter (inclusive of animals that did not pass through public stock yards) diverged somewhat from the trend of market receipts: the supply of lambs exceeded the ten-year average for November by $15\frac{1}{2}$ per cent, while the quantity of cattle and that of calves showed respective gains of 59 and $28\frac{1}{2}$ per cent in this comparison. Furthermore, the number of hogs for inspected slaughter decreased $10\frac{1}{2}$ per cent from a year ago but was only 2 per cent smaller than normal for this time of year; the supply of lambs exceeded that of last November by one per cent.

Reshipments of cattle, calves, and lambs to feed lots declined more than seasonally from October and were much less than either a year ago or the 1924-29 November average.

MEAT PACKING

Slaughtering establishments in the United States were less active in November than a month earlier. Though aggregating 11 per cent in excess of the 1924-33 November average and one per cent heavier than a year ago, the total production of packing-house commodities— inclusive of Government tonnage—showed a non-seasonal decline of $6\frac{1}{2}$ per cent from the high level of October. Commercial production was $2\frac{1}{2}$ per cent smaller in November than a month previous and $7\frac{1}{2}$ per cent under a year ago but $1\frac{1}{2}$ per cent larger than average for the month. Average daily production, however, was slightly higher than in October. The November sales tonnage, following a heavy movement in October and reflecting the usual recession in demand during Thanksgiving week, declined to a level 10 per cent under a year ago and 5 per cent below the 1924-33 November average. The

LIVE STOCK SLAUGHTER

(In thousands)

	CATTLE	HOGS	LAMBS AND SHEEP	CALVES
Yards in Seventh District, November 1934.....	257	953	304	97
Federally Inspected Slaughter, United States				
November 1934.....	1,232	4,023	1,368	495
October 1934.....	1,408	3,546	2,609	658
November 1933.....	777	4,501	1,356	424

AVERAGE PRICES OF LIVE STOCK

(Per hundred pounds at Chicago)

	WEEK ENDED DEC. 22 1934	Nov. 1934	MONTHS OF OCT. 1934	Nov. 1933
Native Beef Steers (average)....	\$7.60	\$7.35	\$7.60	\$5.15
Fat Cows and Heifers.....	4.65	4.85	5.10	4.05
Calves.....	4.75	5.35	6.25	4.80
Hogs (bulk of sales).....	5.95	5.60	5.70	4.10
Yearling Sheep.....	6.40	5.75	5.25	5.35
Lambs.....	7.15	6.15	6.10	6.65

general level of prices declined further during the month, though quotations for some pork products and lamb advanced. The total value of sales billed to domestic and foreign customers decreased $10\frac{1}{2}$ per cent from October and was $21\frac{1}{2}$ per cent under the 1924-33 seasonal average but exceeded that of last November by $25\frac{1}{2}$ per cent. As production showed a somewhat larger than seasonal excess over current distribution, inventories of packing-house commodities in the United States increased 91,017,000 pounds on December 1 over a month earlier and were 292,410,000 pounds above the 1929-33 average for that date. Payrolls at the close of November reflected a decline from October of one per cent in employes, 9 per cent in hours worked, and of $6\frac{1}{2}$ per cent in wage payments, but remained above the corresponding period of 1933.

November shipments for export approximated closely the light volume which obtained in September and October and consisted principally of lard forwarded to the United Kingdom. British importers showed an increased demand for American hams which had been accumulating in the United Kingdom since early autumn, but these were moved at a discount from current receipts. Demand for lard remained fair in the United Kingdom, while Continental demand for both meat and fats continued negligible. Prices of American lard in the United Kingdom continued below Chicago parity, but most of the disadvantage was offset by processing tax refunds. British quotations for current importations of American meats were on a parity with prices in the United States. Inventories of United States packing-house commodities in foreign markets (inclusive of stocks in transit) declined on December 1 from the beginning of November.

DAIRY PRODUCTS

Creamery butter manufacture in the Seventh Federal Reserve district decreased more than seasonally in November, being $21\frac{1}{2}$ per cent below that of October but aggregating $3\frac{1}{2}$ per cent above a year ago and 7 per cent heavier than the 1924-33 average for the month. The sales tonnage increased $3\frac{1}{2}$ per cent over a month earlier—contrary to the usual trend—and was not only 14 per cent greater than last November but 22 per cent in excess of the ten-year average for the month. United States production of the commodity decreased somewhat more than is usual from October and was slightly under the level of a year ago. Although prices averaged 12 per cent higher in November than October, inventories of creamery butter in the United States declined more than a seasonal amount on December 1 from the beginning of November to a point 2,432,000 pounds below the 1929-33 average for the date.

The production of American cheese in Wisconsin was reduced $15\frac{1}{2}$ per cent in the four weeks ended December 1 from a month earlier but was nearly double that of a year ago—at which time manufacture had been curtailed by the milk strike—and exceeded the 1929-33 average for the period by 18 per cent. Distribution of the commodity from Wisconsin primary markets also decreased less than seasonally, being $3\frac{1}{2}$ per cent smaller than in the preceding period, 31 per cent heavier than a year ago, and 17 per cent greater than the 1929-33 mid-autumn average. Total inventories of cheese in the United States declined more than normally on December 1 from the beginning of November but were 21,107,000 pounds above the 1929-33 December 1 average. Prices rose approximately $8\frac{1}{2}$ per cent in November over October.

Industrial Employment Conditions

Manufacturing activity in the Seventh district followed the usual downward trend for November, employment decreasing $2\frac{1}{2}$ per cent and payrolls close to 3 per cent. These percentage changes were computed from reports representing 2,747 manufacturing establishments in all sections of the district except Michigan, reports for which state were not available at the time of this writing. An important exception to the general trend for the month was furnished by the metals and metal products group in which employment and payrolls increased $1\frac{1}{2}$ per cent each as compared with average decreases of one and 3 per cent, respectively, in the ten-year period, 1924-33. In the rubber goods industries, also, counter-to-seasonal gains of $1\frac{1}{2}$ per cent for employment and a fraction of one per cent for payrolls were recorded. The paper and printing industries maintained their employment volume at the October level, while increasing payrolls one per cent, the latter rise being contrary to the usual seasonal trend. In all other manufacturing groups, however, decreases were recorded, most of them of larger than seasonal proportions. Food-products industries curtailed operations for the second consecutive month, after a steady expansion since early last spring; the decreases of 12 per cent in employment and 8 per cent in payrolls reported for November compared with losses of $2\frac{1}{2}$ and 3 per cent in the seasonal average. Despite the declines of the past two months, current employment in this industry is still $1\frac{1}{2}$ per cent larger than a year ago, while payrolls are 12 per cent higher—reflecting increased wage rates. One of the manufacturing groups, leather products, reported decreases of one-half per cent in employment and $3\frac{1}{2}$ per cent in payrolls, which were more moderate than in the ten-year average for the month.

Non-manufacturing groups as a whole followed the seasonal trend in employment, with an increase of one-half per cent, but registered a non-seasonal decline of 2 per cent in payrolls. Merchandising concerns reported an expansion of $2\frac{1}{2}$ per cent in working forces and of one per cent in wage payments. More men were at work in the 16 reporting coal mines of the district in November than in October, but payroll amounts were lower because of shorter time schedules. Public utilities showed practically no change in employment but a 3 per cent decrease in payrolls. In the construction industries, employment declined 10 per cent and payrolls 15 per cent. For the combined manufacturing and non-manufacturing groups, the aggregate decreases amounted to 2 per cent in number of employes and $2\frac{1}{2}$ per cent in payrolls, as compared with recessions of one and 2 per cent, respectively, in these items in the ten-year average.

Note: Table omitted owing to delay in receipt of Michigan data.

Manufacturing

AUTOMOBILE PRODUCTION AND DISTRIBUTION

November data on United States production of automobiles show output of 45,489 passenger cars and 32,920 trucks. The former represents a decline of 46 per cent from October output and the latter a recession of 31 per cent. As compared with a year ago, however, November production of passenger cars was 12 per cent and truck production 80 per cent larger.

Midwest distribution of new automobiles declined in November, in line with seasonal trend, wholesale distribution being sharply less than a month previous and the number of cars sold to consumers only moderately smaller. In comparison with the corresponding month of 1933, sales at wholesale continued for the second successive

month to decline substantially in number, while those at retail showed a smaller recession. Stocks on November 30, though totaling considerably below those held at the end of October, remained much heavier than a year ago. Used car sales during November declined in about the same proportion from the preceding month as did new car sales at retail and were but 3 per cent under those of November last year. On the other hand, stocks of used cars rose slightly over those of a month previous, though exceeding the number held a year ago by only 1½ per cent. A ratio of 54½ per cent of deferred payment sales to total retail sales of dealers reporting this type of sales, compared with 53 per cent for October and with 48 per cent for the corresponding month of 1933.

IRON AND STEEL PRODUCTS

The improvement noted since the middle of October in the steel industry of the Chicago district has continued, November showing gains in orders, shipments, and production over the preceding month and the early weeks of December indicating no diminishment in the upward trend of activity. The volume of November business did not exceed that of a year ago, but that for the eleven months of this year surpassed by a substantial margin that for the same period of 1933. The rate of steel ingot production rose from about 31 per cent of capacity in the middle of November until by the third week of December it had reached 36½ per cent. Pig iron production in the Illinois and Indiana district likewise expanded somewhat in November over October; forward contracting in pig iron began in the early part of December. Scrap iron and steel prices have strengthened steadily since October.

Orders for steel castings decreased 26 per cent in November, receding to a level only slightly higher than that held previous to the October expansion. Shipments and production continued downward, the tonnage of the former decreasing 5 per cent and of the latter 7 per cent. Both production and orders were somewhat smaller than the corresponding volumes of a year ago, but shipments continued larger—by 16 per cent. At malleable casting foundries, orders advanced sharply in November, following two consecutive months of decline, the gains totaling 43 per cent in tonnage units and 37 per cent in dollar value. Shipments advanced 12 per cent and production remained practically unchanged from the preceding month. In comparison with the corresponding month a year ago, all items showed increases: production 2 per cent, shipments 19 per cent, and orders 28 per cent.

In the manufacture of stoves and furnaces, shipments and orders showed declines for the first month since July this year, the former registering a loss of 23 per cent and the latter of 38 per cent. Inventories continued to show curtailment, the reduction in November amounting to

14 per cent, while molding-room operations remained unchanged from the preceding month. Operations were 19 per cent heavier than a year ago, inventories 8 per cent larger, while shipments and orders showed increases of 33 and 45 per cent, respectively, in this comparison.

FURNITURE

Although orders booked in November by furniture manufacturers reporting to this bank declined 17 per cent from the preceding month, comparing with a 13 per cent recession in the average for the period, they nevertheless aggregated for the second successive month substantially in excess of those a year ago—by 60 per cent in the current period. Shipments also continued to show a favorable trend in comparison with last year, the November gain amounting to 26 per cent; they were 16 per cent less than in the preceding month, which decline was well under the seasonal average. The volume of shipments continued greater than current orders, so that the total of unfilled orders outstanding at the close of November showed a moderate decline from a month previous—12 per cent—although in the ratio to new orders a gain of 3 points was recorded over the 58 per cent obtaining at the close of October. The rate of operations dropped 7 points from the 57 per cent of capacity maintained during the preceding month, but was 2 points higher than a year ago.

SHOE MANUFACTURING, TANNING, AND HIDES

Preliminary November figures on shoe production in the Seventh district indicate a decline of approximately 27 per cent from the preceding month. October production, according to final reports, was 5 per cent heavier than in September, 2½ per cent larger than in October 1933, and 6 per cent in excess of the 1924-33 seasonal average for the month. District tanners reported an increase in sales of leather in November but little change in production schedules. Prices remained practically unchanged, despite the advances established in price quotations of hides during the early weeks of November. The movement of packer green hides in the Chicago market was smaller in November than October; practically all quotations rose one-half to one cent the first two weeks of the first named month. Further advances of approximately one full cent were reported for most items in the middle of December.

Building Materials, Construction Work

November operations in Seventh district building materials lines recorded seasonal declines from the preceding

MIDWEST DISTRIBUTION OF AUTOMOBILES

Changes in November 1934 From Previous Months

	PER CENT CHANGE FROM		COMPANIES INCLUDED
	OCT. 1934	NOV. 1933	
New Cars			
Wholesale—			
Number Sold.....	-38.7	-31.5	19
Value.....	-33.9	-31.3	19
Retail—			
Number Sold.....	-10.7	-9.6	50
On Hand November 30—	-28.0	-15.3	50
Value.....	-37.3	+38.2	50
Used Cars			
Number Sold.....	-11.9	-2.6	50
Salable on Hand—			
Number.....	+2.8	+1.5	50
Value.....	-3.9	+13.4	50

LUMBER AND BUILDING MATERIALS TRADE

CLASS OF TRADE	NOV. 1934: PER CENT CHANGE FROM		NUMBER OF FIRMS OR YARDS
	OCT. 1934	NOV. 1933	
Wholesale Lumber:			
Sales in Dollars.....	-20.7	-8.0	12
Sales in Board Feet.....	-11.2	-28.4	10
Accounts Outstanding ¹	-4.4	-1.2	12
Retail Building Materials:			
Total Sales in Dollars.....	-22.6	+14.8	113
Lumber Sales in Dollars.....	-19.4	+13.3	30
Lumber Sales in Board Feet.....	-18.7	+1.0	30
Accounts Outstanding ¹	-5.3	-4.3	109
Ratio of Accounts Outstanding ¹ to Total Dollar Sales during Month			
	Nov. 1934	Oct. 1934	Nov. 1933
Wholesale Trade.....	219.4	182.0	204.4
Retail Trade.....	302.2	245.1	338.2

¹End of Month.

month. In most lines the recession approximated the average October to November loss; reporting wholesale lumber dealers, however, experienced a greater than usual decline, which brought their dollar sales below the year-ago level for the first time since July. At retail yards, total sales of all materials were 23 per cent below October, as compared with an average November loss for recent years of nearly 30 per cent. Sales of lumber only, at yards reporting separate figures on this phase of their business, recorded a similar decline, amounting to 19½ per cent in dollar value and 18½ per cent in board-foot volume. Retail operations continued at a substantially higher level than in the same month of 1933. The trend of the ratio of accounts to sales was unfavorable at both wholesale and retail; however, in the latter case it remained at a better level than a year previous. Yard stocks at retail were reduced moderately during November in anticipation of slackened operations during the winter. Prices remained firm at both wholesale and retail.

Cement and clay products plants operated on a restricted basis, with the latter generally closed down by the end of the month. Demand for these materials was curtailed by adverse weather in most sections of the district, except the Chicago territory where more favorable conditions prevailed until December.

BUILDING CONSTRUCTION

A seasonal decline in building activity took place during November in the Seventh Federal Reserve district. Total contracts awarded dropped off more than 7½ million dollars from the volume of the preceding month. Residential awards amounted to 12 per cent of all contracts in November and likewise declined in dollar volume.

BUILDING CONTRACTS AWARDED* SEVENTH FEDERAL RESERVE DISTRICT

PERIOD	TOTAL CONTRACTS	RESIDENTIAL CONTRACTS
November 1934.....	\$15,321,801	\$ 1,857,422
Change from October 1934.....	-33%	-15%
Change from November 1933.....	-34%	+37%
Eleven months of 1934.....	\$229,409,124	\$25,131,810
Change from same period 1933.....	+55%	+23%

*Data furnished by F. W. Dodge Corporation.

Building permits issued during November in this district followed a trend similar to that shown by the contract data. The estimated cost of proposed construction, according to permits issued in 103 cities, declined 28 per cent from the October volume. In the comparison with a year ago, however, an increase of 174 per cent was recorded. The number of permits issued fell off 39 per cent from the preceding month, though totaling 48 per cent over last year. Among the five larger cities—Chicago, Detroit, Des Moines, Indianapolis, and Milwaukee—only the last differed from the group trend in estimated cost of proposed work, a gain of 75 per cent being registered over a month previous.

WHOLESALE TRADE IN NOVEMBER 1934

COMMODITY	PER CENT CHANGE FROM SAME MONTH LAST YEAR				RATIO OF ACCOUNTS OUTSTAND- ING TO NET SALES
	NET SALES	STOCKS	ACCOUNTS OUTSTAND.	COLLEC- TIONS	
Groceries.....	+13.4	+15.7	+3.0	+12.2	108.2
Hardware.....	+26.4	+11.1	-0.4	+35.7	198.1
Dry Goods.....	+26.8	+15.0	-2.7	+18.4	245.6
Drugs.....	+9.2	+1.4	+0.5	+5.0	213.0
Electrical Supplies.....	+16.4	-1.2	+5.7	+21.3	166.7

Merchandising

Trends in reporting wholesale trade groups of the Seventh district were again relatively favorable in November. Although declines took place in most lines, they were smaller than average for the month. Grocery sales were 6 per cent smaller than a month previous, hardware 12 per cent, dry goods 3 per cent, and drugs 13 per cent below those of October, whereas in the 1924-33 average for November, recessions of 8, 16, 14, and 9 per cent, respectively, were recorded. Electrical supply sales showed a gain of 2 per cent over October, this being the third successive year in which November trade was heavier than for the preceding month, although in the years 1929, 1930, and 1931 declines took place during the period. Only in dry goods, however, was the gain over the corresponding month of 1933 larger than in October. For the eleven months of 1934 sales increases over the same period of 1933 amounted to 15 per cent in groceries, 33 per cent in hardware, 26 per cent in dry goods, 18 per cent in drugs, and 39 per cent in electrical supplies. The ratios of accounts outstanding to net sales during the month were higher for November than October in groceries, hardware, and drugs, lower in electrical supplies, and about the same in dry goods; those in all groups continued below the same month last year.

The recession from October in aggregate November sales of Seventh district department stores was less than average for the period—one per cent—and compared with heavier declines in each of the preceding four years. Furthermore, the increase of 15½ per cent over November 1933 was the largest in the year-ago comparison since May. The total volume of trade of reporting stores in Detroit gained 5 per cent over a month previous, that for Indianapolis firms was 1½ per cent smaller, the Chicago volume was 2½ per cent and Milwaukee trade 6 per cent less, while stores in smaller cities showed an aggregate loss of less than ½ per cent. It will be noted in the table that Detroit recorded the largest increase over a year ago. Stocks at the end of November, though expanding 3½ per cent over October 31, were 3½ per cent lighter than on the same date last year. Stock turnover during the current period was a little more rapid than in the corresponding month of 1933.

Sales of shoes by reporting dealers and department stores declined 6 per cent in the aggregate for November from the preceding month, whereas the 1925-33 average for the month shows an increase of 2 per cent over the preceding period. The dollar volume sold recorded a gain of only one per cent over November last year, but for the eleven months of 1934, sales totaled 15 per cent heavier than in the same period of 1933. A recession of 3 per cent took place in stocks between the end of October and November 30, although they were 4 per cent

DEPARTMENT STORE TRADE IN NOVEMBER 1934

LOCALITY	PER CENT CHANGE NOV. 1934 FROM NOV. 1933		PER CENT CHANGE ELEVEN MONTHS 1934 FROM SAME PERIOD 1933	RATIO OF NOV. COLLECTIONS TO ACCOUNTS OUTSTANDING END OF OCT.	
	NET SALES	STOCKS END OF MONTH		1934	1933
Chicago.....	+14.9	-7.0	+11.3	32.4	28.2
Detroit.....	+20.1	+2.9	+31.3	45.0	36.6
Indianapolis.....	+16.9	+6.2	+14.0	43.5	39.7
Milwaukee.....	+8.7	-4.7	+13.0	38.8	33.5
Other Cities.....	+15.0	-2.9	+24.6	33.6	30.0
7th District.....	+15.4	-3.4	+18.0	38.0	32.7

in excess of those on the corresponding date last year. A somewhat less than seasonal decline was shown for November in the sales of furniture and house furnishings by dealers and department stores, a decrease of 9 per cent from October comparing with one of 13 per cent in the 1927-33 November average. A 24½ per cent increase was reported in total sales over November 1933. Stocks again expanded slightly during the period—by 2 per cent—though continuing to be under a year ago.

Chain store trade in November, according to reports for thirteen chains operating 2,562 stores in the month, decreased 2 per cent from the October volume, but exceeded that of last November by 9 per cent. All groups, which include grocery, drug, five-and-ten-cent store, cigar, shoe, men's clothing, and musical instrument chains, shared in the decline in the monthly comparison, while only the last two reported a lower volume of business than in November a year ago.

MONTHLY BUSINESS INDICES COMPUTED BY FEDERAL RESERVE BANK OF CHICAGO

(Index numbers express a comparison of unit or dollar volume for the months indicated, using the monthly average for 1923-1924-1925 as a base, unless otherwise indicated. Where figures for latest month shown are partly estimated on basis of returns received to date, revisions will be given the following month. Data refer to the Seventh Federal Reserve district unless otherwise noted.)

	No. of Firms	Nov. 1934	Oct. 1934	Sept. 1934	Aug. 1934	July 1934	June 1934	Nov. 1933	Oct. 1933	Sept. 1933	Aug. 1933	July 1933	June 1933
Meat Packing—(U. S.)—													
Sales (in dollars).....	62	71	79	77	75	68	69	56	67	63	58	60	56
Casting Foundries—													
Shipments:													
Steel—In Dollars.....	12	24	27	29	42	40	41	21	23	19	21	21	18
In Tons.....	12	25	26	31	46	44	44	22	25	19	23	25	19
Malleable—In Dollars.....	21	29	26	24	27	25	32	23	25	24	24	21	21
In Tons.....	21	43	38	34	40	36	48	36	39	38	41	36	37
Stoves and Furnaces—													
Shipments (in dollars).....	10	147	193	140	85	64	84	109	128	108	91	63	58
Furniture—													
Orders (in dollars).....	14	33	40	40	38	41	20	21	24	42	47	62	30
Shipments (in dollars).....	14	36	42	39	37	27	25	28	38	47	43	30	28
Flour—													
Production (in bbls.).....	21	104	122	111	108	86	98	109	107	93	93	98	120
Output of Butter by Creameries—													
Production.....	67	82	105	117	127	126	128	80	93	99	122	123	139
Sales.....	69	109	105	100	116	110	113	95	92	96	116	106	132
Wholesale Trade—													
Net Sales (in dollars):													
Groceries.....	28	73	77	76	78	67	83	64	66	70	68	67	70
Hardware.....	11	57	65	58	57	53	60	46	51	50	49	47	61
Dry Goods.....	9	42	43	50	48	31	38	33	38	41	34	44	39
Drugs.....	13	64	74	65	66	56	61	57	61	61	61	52	58
Retail Trade (Dept. Stores)—													
Net Sales (in dollars):													
Chicago.....	25	75	77	74	65	51	71	65	73	68	64	48	66
Detroit.....	5	81	76	98	69	50	85	67	67	87	57	41	66
Indianapolis.....	4	83	85	96	70	51	71	70	83	83	69	49	65
Milwaukee.....	5	83	89	76	63	52	68	77	83	73	65	52	63
Other Cities.....	43	73	74	67	62	45	64	64	64	60	57	40	58
Seventh District—Unadjusted.....	82	77	78	79	65	50	72	67	72	72	62	46	64
Adjusted.....	82	70	71	76	82	69	73	60	66	70	78	64	66
Automobile Production—(U. S.)—													
Passenger Cars.....	16	29	42	63	77	90	14	36	54	65	65	71	
Trucks.....	87	127	119	136	113	123	49	79	91	110	101	112	
Building Construction—													
Contracts Awarded (in dollars):													
Residential.....	6	8	8	7	7	9	5	5	12	7	9	8	
Total.....	22	34	29	23	28	30	34	31	29	22	27	19	
Iron and Steel—													
Pig Iron Production:*													
Illinois and Indiana.....	34	33	34	42	45	66	34	45	42	52	59	45	
United States.....	33	31	31	35	40	66	37	45	52	60	59	43	
Steel Ingot Production—(U. S.)*.....	50	41	38	38	44	87	44	60	66	80	95	74	

*Average daily production.

NATIONAL SUMMARY OF BUSINESS CONDITIONS

(By the Federal Reserve Board)

IN November the rate of industrial activity showed little change and the general level of commodity prices remained unchanged. Distribution of commodities to consumers was well maintained.

PRODUCTION AND EMPLOYMENT

Volume of industrial production declined in November by an amount somewhat smaller than is usual at this season, and consequently the Board's seasonally adjusted index advanced from 73 per cent of the 1923-1925 average in October to 74 per cent in November. In the steel industry output continued to increase during November and the first three weeks of December, contrary to the usual seasonal tendency. Automobile production also showed an increase in the early part of December, following a decline in connection with preparations for new models. In November lumber output decreased by more than the estimated seasonal amount. At woolen mills there was a considerable increase in output, while consumption of cotton by domestic mills showed a slight decline. Activity at meat-packing establishments showed less than the usual seasonal increase. Production of the leading minerals was at about the same level as in October.

Factory employment declined between the middle of October and the middle of November by the usual seasonal amount and was at the same level as a year ago. Declines reported for the automobile, shoe, and canning industries were smaller than seasonal, while decreases at railroad repair shops and saw mills were larger than are usual at this season. At meat-packing establishments, where employment has been at a high level in recent months, there was a considerable decline, but the number on the payrolls in November was larger than in the corresponding month of other recent years. Employment at woolen mills showed a substantial increase. The number employed on construction projects of the Public Works Administration declined further in November, according to the Bureau of Labor Statistics.

Value of construction contracts awarded, as reported by the F. W. Dodge Corporation, showed a considerable decline in November and the first half of December, following an increase in October. The indicated decline in awards from the third to the fourth quarter was somewhat smaller than usual.

Department of Agriculture estimates for December 1 indicate that production of principal crops this season was about 22 per cent smaller than in 1933 and 32 per cent below the average for the previous ten years, reflecting reductions in acreage and in yield per acre. There has been a shortage in feed crops accompanied by a sharp increase for the year in the slaughter of live stock. Although output of agricultural commodities has been smaller than in any other recent year, farm income has been larger than in either 1932 or 1933, reflecting chiefly higher prices and, to a smaller degree, benefit payments.

DISTRIBUTION

Total freight carloadings declined in November by less than the estimated seasonal amount, reflecting chiefly a smaller decline than is usual in shipments of miscellaneous freight. Retail sales generally have been well maintained. Department store sales increased by slightly less than the estimated seasonal amount in November; preliminary reports for the first half of December, however, indicate a more than seasonal increase in Christmas trade.

COMMODITY PRICES

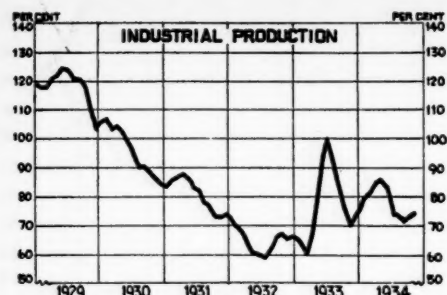
Wholesale commodity prices generally showed little change during November and the first half of December. Prices of scrap steel continued to increase during this period, while corn prices, which advanced rapidly in November, declined somewhat after the first week of December. Retail food prices declined in November reflecting lower prices for meat.

BANK CREDIT

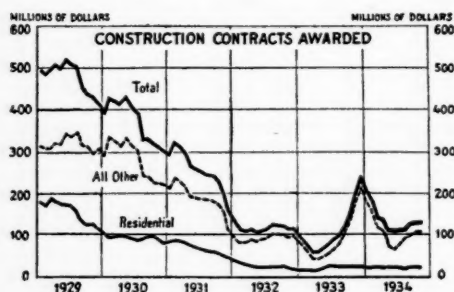
Developments at Federal Reserve banks in December reflected largely the seasonal increase in the demand for currency and the continued inflow of gold from abroad.

Loans and investments of reporting member banks in leading cities showed an increase of \$150,000,000 in the four weeks ended December 12, after declining somewhat in the preceding four weeks. The growth reflected increases in holding of United States Government obligations and in brokers' loans. Deposits at banks showed a further considerable growth.

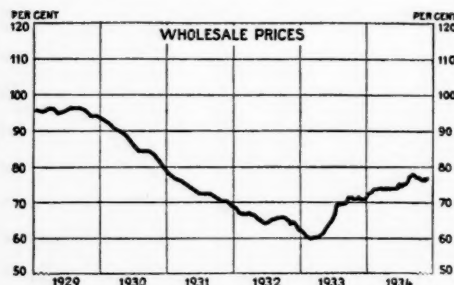
Yields on short-term Government securities declined slightly in December while other short-term open-market money rates showed little change. On December 15 the discount rate of the Federal Reserve Bank of Atlanta was reduced from 3 per cent to 2½ per cent, and on December 21 a similar reduction was made at the Kansas City Federal Reserve bank.



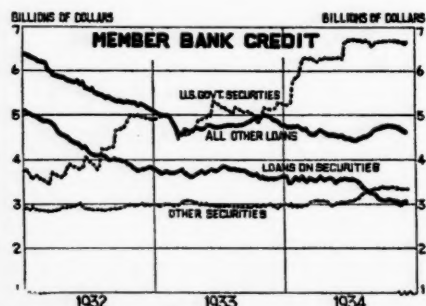
Index number of industrial production, adjusted for seasonal variation (1923-1925 average = 100).



Three-month moving averages of F. W. Dodge data for 37 Eastern States, adjusted for seasonal variation. Latest figure based on data for October, November, and estimate for December, 1934.



Index of United States Bureau of Labor Statistics (1926 = 100). By months 1929 to 1931; by weeks 1932 to date. Latest figure is for week ending December 15, 1934.



Wednesday figures for reporting member banks in 91 leading cities. Latest figures are for December 12, 1934.

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